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Bankers
Association

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June 24, 2015

Ms. Laurie A. Rea
Director
Office of Secondary Market Oversight
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

RE: RIN 3052-AC89 – Federal Agricultural Mortgage Corporation Governance

Dear Ms. Rea:

The American Bankers Association (ABA) appreciates the opportunity to provide comments on the Farm Credit Administration's (FCA) proposed rule to change the governance structure of the board of the Federal Agricultural Mortgage Corporation (Farmer Mac). The ABA is the voice of the nation's \$15 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$11 trillion in deposits and extend more than \$8 trillion in loans.

ABA has serious concerns with the proposal as drafted, and urges that it be withdrawn. The proposed affiliation requirements to serve as an elected director on the Farmer Mac Board are especially troublesome, and could negatively alter the relationship between Farmer Mac's Board and its shareholders, including America's hometown bankers.

FCA's proposal would require that all elected directors have an official affiliation with a voting stockholder at the time of nomination and election. By law, banks, insurance companies and other financial institutions that are not part of the Farm Credit System are the only holders of Class A stock, and elect five seats on the Farmer Mac Board. Five seats are also reserved for Class B stockholders, Farm Credit institutions. Congress also reserved five seats for Presidential appointees. Congress implemented this structure realizing that the issues that come before Farmer Mac are often contentious, especially in light of the expansive nature and overreach of the Farm Credit System.

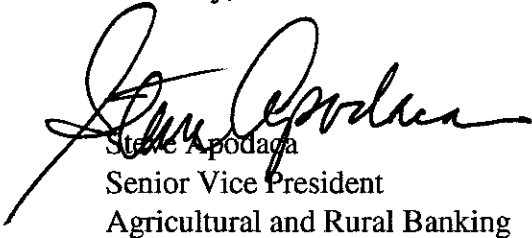
FCA's proposal means Class A and Class B shareholders, including bankers, would elect their representatives from a ballot made up exclusively of current marketplace competitors. In contrast, the current structure allows Farmer Mac's shareholders to elect unaffiliated directors. These individuals can seek the perspectives of all shareholders within a given Class without any pressure to advocate for the interests of any one stockholder.

Moreover, the proposal itself may be unnecessary given that directors who would qualify as affiliated under FCA's new rule are actually already frequently elected. Indeed, three bankers are current Class A Board Members. Importantly, however, they are joined by a retired finance professor and a former executive from Sallie Mae. FCA has not sufficiently explained why the

diversity of thought generated by a mix of affiliated and unaffiliated directors does not promote good corporate governance.

Farmer Mac is a critically important tool to bankers as a secondary market for agricultural real estate mortgage loans, rural housing mortgage loans, and the guaranteed portions of USDA-guaranteed farm and rural development loans. Directors attuned to the issues, intricacies, and industry perspectives faced by the parties that use Farmer Mac's services best serve its shareholders. The current structure accomplishes this, through the democratic process that allows each of the constituent groups to choose and elect its own five members to the Board. For this reason, we urge you to withdraw the proposal.

Sincerely,



Steve Apodaca
Senior Vice President
Agricultural and Rural Banking